

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7152**

**BILL NUMBER:** HB 1477

**NOTE PREPARED:** Feb 23, 2009

**BILL AMENDED:** Feb 19, 2009

**SUBJECT:** Establishment of Online Learning Cooperative.

**FIRST AUTHOR:** Rep. Porter

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill authorizes the Department of Education to establish an online learning cooperative.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** The bill authorizes the Department of Education (DOE) to establish the Indiana Virtual Learning Cooperative. DOE is required to organize the cooperative, approve providers, and determine the total allowable cost of an online program.

DOE would incur additional expense associated with operating the program. The cost would depend on the number of additional people needed. If two people were required, then the increased costs would be about \$166,000 for FY 2010 and \$114,000 for FY 2011. The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. DOE had 32 vacant positions worth \$321,344 as of December 22, 2008. Of the vacant positions, 13 had been vacant for more than two years. DOE, excluding tuition support, reverted about \$2.7 M to the state General Fund on June 30, 2008. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

(Revised) If a school corporation allows a student to enroll in a virtual learning course when a regular course is offered and available at the school where the student attends, the school regular education funding for the

student would be reduced by 8%. The reduction would depend on the number students taking virtual courses instead of a course offered at the school. The impact would be a possible reduction in tuition support and is probably minor.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The impact of the bill would depend on the cost of virtual courses the DOE might approve compared with the school corporation's cost of providing traditional courses. Public school students cannot be charged tuition, but can be charged the cost of instructional materials. Local schools would fund online educational programs with the same revenue stream as traditional courses. Private- and home-school students would be charged the cost of the program.

Online courses approved by the DOE can be offered by a school corporation, two or more schools under a joint agreement, a charter school located in Indiana, an institution of higher learning located in Indiana, or a private distance learning curriculum provider. DOE is to determine the allowable costs for online learning programs.

**Background:** The state of Florida offers virtual classes to students. The cost is free to in-state students and \$375 per semester per half-credit course for out-of-state students. Advance placement courses have an additional \$25 fee per semester. For the 2008 school year Indiana's average expenditure per student, assuming a 6-hour course day, was about \$480 per hour each semester.

**Explanation of Local Revenues:** See *Explanation of Local Expenditures*. Schools could have increased revenue if they decide to offer online learning programs.

(Revised) If a school corporation allows a student to enroll in a virtual learning course when a regular course is offered and available at the school where the student attends, the school regular education funding for the student would be reduced by 8%. The reduction would depend on the number students taking virtual courses instead of courses offered by the school. The impact is probably minor.

**State Agencies Affected:** DOE.

**Local Agencies Affected:** Local schools; State educational institutions.

**Information Sources:** Florida Virtual Schools, <http://www.flvsgs.net>.

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.